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**LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA**

BASIC FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-13-06

LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2006

C O N T E N T S

TRANSMITTAL LETTER
AFFIDAVIT

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Louisiana Board of Wholesale Drug Distributors
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2006

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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 20____

BOARD OF WHOLESALE DRUG DISTRIBUTORS
(Agency Name)

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

JOHN LIGGIO

Personally came and appeared before the undersigned authority, EXECUTIVE DIR (Name)
THE BOARD OF WHOLESALE
(Title) of DRUG DISTRIBUTORS (Agency) who duly sworn, deposes and says, that the

financial statements herewith given present fairly the financial position of
(agency) at June 30, 2006 and the results of operations for the year then ended in accordance with
policies and practices established by the Division of Administration or in accordance with Generally
Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Sworn and subscribed before me, this 9TH day of AUGUST, 2006

John Liggio
Signature of Agency Official

[Signature]
NOTARY PUBLIC

RICHARD BROWN 42677
My commission is for life

Prepared by: JOHN LIGGIO

Title: EXECUTIVE DIRECTOR

Telephone No.: 225-295-8567

Date: 8/9/6

BAXLEY AND ASSOCIATES, LLC

P. O. Box 482
58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, PFS/CVA/CPA
Margaret A. Pritchard, CPA

Staci H. Joffrion, CPA

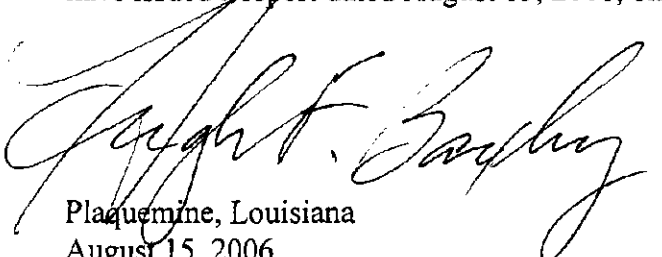
Louisiana Board of Wholesale Drug Distributors
12046 Justice Avenue, Suite C
Baton Rouge, LA 70816

We have reviewed the accompanying Division of Administration, Office of Statewide Reporting and Accounting Policy's Annual Fiscal Report (AFR) of the business-type activities of the Louisiana Board of Wholesale Drug Distributors, a component unit of the State of Louisiana, as of and for the year ended June 30, 2006, which collectively comprise the Board's basic financial statements, as listed in the table of contents. These financial statements reported in the AFR are the responsibility of the Board's management.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. Management has elected to omit the management's discussion and analysis that is required by the Government Accounting Standards Board to be submitted as supplementary information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated August 15, 2006, on the results of our agreed-upon procedures.



Plaquemine, Louisiana
August 15, 2006

BAXLEY AND ASSOCIATES, LLC

P. O. Box 482
58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, PFS/CVA/CPA
Margaret A. Pritchard, CPA

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Management of the Louisiana Board of Wholesale Drug Distributors

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Louisiana Board of Wholesale Drug Distributors and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Louisiana Board of Wholesale Drug Distributors' compliance with certain laws and regulations during the year ended June 30, 2006 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

We examined expenditures for the year ended June 30, 2006 and no expenditures were found that matched the above limits.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management were on the list provided by management in agreed-upon procedure.

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original and there were no amendments.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on December 20, 2004 which indicated that the budget had been adopted by the Board. There were no amendments.

**Independent Accountant's Report
on Applying Agreed-Upon Procedures (continued)**

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5 % or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct general ledger account.

(c) determine whether payments received approval from proper authorities.

Documentation supporting each of the six selected disbursements indicated proper approvals.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

We observed the notice and agenda posted for a meeting subsequent to year end.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

None of the bank deposits examined appear to be proceeds of bank loans, bonds or indebtedness.

Advances and Bonuses

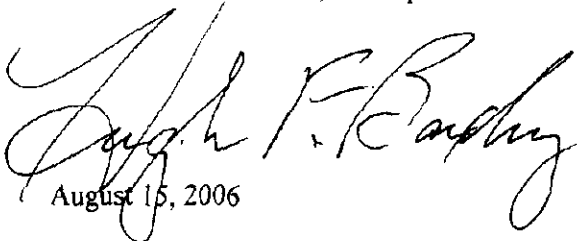
11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

There was no evidence of bonuses, advances, or gifts.

There were no comments or unresolved matters from the prior year.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Louisiana Board of Wholesale Drug Distributors and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



August 15, 2006

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

8/15/2006 (Date Transmitted)

BAXLEY & ASSOCIATES, LLC

PO Box 482

Plaquemine, LA 70764

(Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes [☒] No [☐]**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [☒] No [☐]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [☐] No [☒]**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [☒] No [☐]**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No [☐]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [☒] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [☒] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [☒] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [☒] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [☒] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

(attached sheet)
 _____ Secretary _____ Date
 _____ Treasurer _____ Date
 Bob Brander President 8/29/6 Date

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [☒] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [☒] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [☒] No []

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Yes [☒] No []

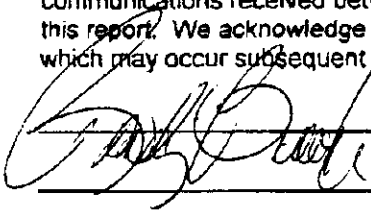
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Yes [☒] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

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 Secretary 8/23/06 Date _____
 Treasurer _____ Date _____
 President _____ Date _____

BASIC FINANCIAL STATEMENTS

**STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
BALANCE SHEET
AS OF JUNE 30, 2006**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	117,693
Investments		179,627
Receivables (net of allowance for doubtful accounts)(Note U)		
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
Total current assets		297,320

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Investments		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		8,220
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		8,220
Total assets	\$	305,540

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	317
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		11,913
Capital lease obligations - (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		12,230

NON-CURRENT LIABILITIES:

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		
Total liabilities		12,230

NET ASSETS

Invested in capital assets, net of related debt		8,220
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		285,090
Total net assets		293,310
Total liabilities and net assets	\$	305,540

The accompanying notes are an integral part of this financial statement.

Statement A

**STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006**

OPERATING REVENUES

Sales of commodities and services	\$	
Assessments		
Use of money and property		
Licenses, permits, and fees		240,350
Other		37
Total operating revenues		240,387

OPERATING EXPENSES

Cost of sales and services		
Administrative		273,129
Depreciation		3,910
Amortization		
Total operating expenses		277,039

Operating income(loss)		(36,652)
------------------------	--	----------

NON-OPERATING REVENUES(EXPENSES)

State appropriations		
Intergovernmental revenues (expenses)		
Taxes		
Use of money and property		10,727
Gain on disposal of fixed assets		
Loss on disposal of fixed assets		
Federal grants		
Interest expense		
Other revenue		
Other expense		
Total non-operating revenues(expenses)		10,727

Income(loss) before contributions, extraordinary items & transfers		(25,925)
--	--	----------

Capital contributions		
Extraordinary item - Loss on impairment of capital assets		
Transfers in		
Transfers out		

Change in net assets		(25,925)
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Total net assets – beginning as restated		319,235
--	--	---------

Total net assets – ending	\$	293,310
---------------------------	----	---------

The accompanying notes are an integral part of this financial statement.

Statement B

STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

See Appendix A for instructions

	Program Revenues			Net (Expense)
		Operating	Capital	Revenue and
	Charges for	Grants and	Grants and	Changes in
Expenses	Services	Contributions	Contributions	Net Assets
BTA	\$ 277,039	\$ 240,387	\$	\$ (36,652)
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				10,727
Miscellaneous				
Special items				
Extraordinary Item - Loss on Impairment of Capital Assets				
Transfers				
Total general revenues, special items, extraordinary losses, and transfers				10,727
Change in net assets				(25,925)
Net assets - beginning				319,235
Net assets - ending				\$ 293,310

**STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

Cash flows from operating activities

Cash received from customers	\$ 240,386
Cash payments to suppliers for goods and services	(273,035)
Cash payments to employees for services	(1,015)
Payments in lieu of taxes	
Internal activity-payments to other funds	
Claims paid to outsiders	
Other operating revenues(expenses)	
Net cash provided(used) by operating activities	\$ (33,664)

Cash flows from non-capital financing activities

State appropriations	
Proceeds from sale of bonds	
Principal paid on bonds	
Interest paid on bond maturities	
Proceeds from issuance of notes payable	
Principal paid on notes payable	
Interest paid on notes payable	
Operating grants received	
Transfers In	
Transfers Out	
Other	
Net cash provided(used) by non-capital financing activities	

Cash flows from capital and related financing activities

Proceeds from sale of bonds	
Principal paid on bonds	
Interest paid on bond maturities	
Proceeds from issuance of notes payable	
Principal paid on notes payable	
Interest paid on notes payable	
Acquisition/construction of capital assets	(4,162)
Disposal of capital assets	
Capital contributions	
Other	
Net cash provided(used) by capital and related financing activities	(4,162)

Cash flows from investing activities

Purchases of investment securities	
Proceeds from sale of investment securities	
Interest and dividends earned on investment securities	10,728
Net cash provided(used) by investing activities	10,728

Net increase(decrease) in cash and cash equivalents (27,098)

Cash and cash equivalents at beginning of year 324,419
Cash and cash equivalents at end of year \$ 297,321

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ <u>(36,652)</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>3,910</u>	
Provision for uncollectible accounts	<u></u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u></u>	
(Increase)decrease in due from other funds	<u></u>	
(Increase)decrease in prepayments	<u></u>	
(Increase)decrease in inventories	<u></u>	
(Increase)decrease in other assets	<u></u>	
Increase(decrease) in accounts payable and accruals	<u>93</u>	
Increase(decrease) in accrued payroll and related benefits	<u></u>	
Increase(decrease) in compensated absences payable	<u>(1,015)</u>	
Increase(decrease) in due to other funds	<u></u>	
Increase(decrease) in deferred revenues	<u></u>	
Increase(decrease) in other liabilities	<u></u>	
Net cash provided(used) by operating activities		\$ <u><u>(33,664)</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	\$ <u></u>
Contributions of fixed assets	<u></u>
Purchases of equipment on account	<u></u>
Asset trade-ins	<u></u>
Other (specify)	<u></u>
<u></u>	<u></u>
<u></u>	<u></u>
Total noncash investing, capital, and financing activities:	\$ <u><u>-</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

INTRODUCTION

The Board of Wholesale Drug Distributors was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:3461-3482. The following is a brief description of the operations of Board of Wholesale Drug Distributors which includes the parish/parishes in which the Board is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Board of Wholesale Drug Distributors present information only as to the transactions of the programs of the Board of Wholesale Drug Distributors as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Board of Wholesale Drug Distributors are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Board of Wholesale Drug Distributors are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2006

APPROPRIATIONS

Original approved budget	\$ <u>275,580</u>
Amendments:	<u> </u>
	<u> </u>
	<u> </u>
Final approved budget	\$ <u>275,580</u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board of Wholesale Drug Distributors may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

Beginning in FY 2004, the implementation of GASB Statement 40 (which amended GASB Statement 3) eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2006, consisted of the following:

STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2006

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in Bank Accounts Per Balance Sheet	\$ <u>117,593</u>	\$ <u>179,627</u>	\$ _____	\$ <u>297,220</u>
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized	_____	_____	_____	_____
b. Uninsured and collateralized with securities held by the pledging institution	<u>37,437</u>	<u>179,627</u>	_____	<u>217,064</u>
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, <u>but not in the entities name</u>	_____	_____	_____	_____
Total Bank Balances - All Deposits	\$ <u>137,437</u>	\$ <u>179,627</u>	\$ _____	\$ <u>317,064</u>

NOTE: The "Total Bank Balances – All Deposits" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Hancock Bank</u>	<u>Checking</u>	\$ <u>137,437</u>
2. <u>Hancock Bank</u>	<u>Certificates of Deposit</u>	<u>179,627</u>
3. _____	_____	_____
4. _____	_____	_____
Total		\$ <u>317,064</u>

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the Balance Sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the Balance Sheet.

Cash in State Treasury	\$ _____
Petty cash	\$ <u>100</u>

2. INVESTMENTS

The Board of Wholesale Drug Distributors does not maintain investment accounts.

D. CAPITAL ASSETS-INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2006

	Year ended June 30, 2006					
	Balance 6/30/2005	Prior Period Adjustment	Adjusted Balance 6/30/2005	Additions	Transfers*	Balance 6/30/2006
Capital assets not being depreciated						
Land	\$	\$	\$	--	\$	\$
Non-depreciable land improvements			--			--
Capitalized collections			--			--
Construction in progress			--			--
Total capital assets not being depreciated	\$	\$	\$	--	\$	\$
Other capital assets						
Furniture, fixtures, and equipment	\$ 19,365	\$	\$ 19,365	\$ 4,162	\$	\$ (3,974)
Less accumulated depreciation	(11,397)		(11,397)	(3,910)		3,974
Total furniture, fixtures, and equipment	7,968	--	7,968	252	--	8,220
Buildings and improvements			--			--
Less accumulated depreciation			--			--
Total buildings and improvements	--	--	--	--	--	--
Depreciable land improvements			--			--
Less accumulated depreciation			--			--
Total depreciable land improvements	--	--	--	--	--	--
Infrastructure			--			--
Less accumulated depreciation			--			--
Total infrastructure	--	--	--	--	--	--
Total other capital assets	\$ 7,968	\$ --	\$ 7,968	\$ 252	\$ --	\$ 8,220
Capital Asset Summary:						
Capital assets not being depreciated	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other capital assets, at cost	19,365	--	19,365	4,162	--	(3,974)
Total cost of capital assets	19,365	--	19,365	4,162	--	(3,974)
Less accumulated depreciation	(11,397)	--	(11,397)	(3,910)	--	3,974
Capital assets, net	\$ 7,968	\$ --	\$ 7,968	\$ 252	\$ --	\$ 8,220

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

F. RESTRICTED ASSETS

Restricted assets in the Board of Wholesale Drug Distributors at June 30, 2006, reflected at \$60,000 in the non-current assets section on Statement A, consist of \$60,000 in cash with fiscal agent. This is a reserve for undetermined future legal contingencies.

G. LEAVE

1. COMPENSATED ABSENCES

The Board of Wholesale Drug Distributors has the following policy on annual and sick leave:

**STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
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The earning of annual and sick leave is based on the equivalent of full-time state service. It is credited at the end of each regular pay period of 80 hours of regular duty.

Accrued unused annual and sick leave shall be carried forward to the succeeding calendar years without limitation. Annual leave must be applied for by the employee and may be used only when approved by the Board. Upon retirement or resignation, unused annual leave of up to 300 hours is paid at the employee's current rate of pay. The employee is not paid for any unused sick leave. Annual leave in excess of 300 hours and sick leave are used in the retirement benefit computation as earned service.

At June 30, 2006, the employees of the Board had accumulated and vested \$11,913 of employee leave privileges, which was computed in accordance with GASB Codification Section C60, as modified by GASB Statement Number 16. It is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

There is no compensatory leave.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Board of Wholesale Drug Distributors are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Board of Wholesale Drug Distributors employees are eligible to participate in the System. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006 are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after 7/1/2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, within qualifications and amounts define by statute. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. For the full description of the LASERS defined benefit plan, please refer to LASERS 2005 Financial Statements, specifically footnotes A- Plan Description and C-Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2006, decreased/increased to 19.1% of annual covered payroll from the 17.8% and 15.8% required in fiscal years ended June 30, 2005 and 2004, respectively. The Board of Wholesale Drug Distributors contributions to the System for the years ending June 30, 2006, 2005, and 2004, were \$27,575, \$24,803, and \$20,502, respectively, equal to the required contributions for each year.

STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2006

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

There were no retired employees and no post retirement health care and life insurance benefits.

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year June 30, 2006 amounted to \$19,723. A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012- 2016</u>	<u>FY2017- 2021</u>
Office Space	\$ 20,514	\$ 6,927	\$	\$	\$	\$	\$
Total	\$ 20,514	\$ 6,927	\$ -	\$ -	\$ -	\$ -	\$ -

2. CAPITAL LEASES

There were no capital leases.

3. LESSOR DIRECT FINANCING LEASES

There were no lessor direct financing leases.

4. LESSOR – OPERATING LEASE

There were no lessor operating leases.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2006:

STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2006

		<u>Year ended June 30, 2006</u>			
	<u>Balance</u> <u>June 30,</u> <u>2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30,</u> <u>2006</u>	<u>Amounts</u> <u>due within</u> <u>one year</u>
Bonds and notes payable:					
Notes payable	\$	\$	\$	\$ --	\$
Reimbursement contracts payable				--	
Bonds payable				--	
Total notes and bonds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other liabilities:					
Contracts payable				--	
Compensated absences payable	12,927		1,014	11,913	
Capital lease obligations				--	
Claims and litigation				--	
Liabilities payable from restricted assets				--	
Other long-term liabilities				--	
Total other liabilities	<u>12,927</u>	<u>--</u>	<u>1,014</u>	<u>11,913</u>	<u>--</u>
Total long-term liabilities	<u>\$ 12,927</u>	<u>\$ --</u>	<u>\$ 1,014</u>	<u>\$ 11,913</u>	<u>\$ --</u>

L. CONTINGENT LIABILITIES

There are no contingent liabilities.

M. RELATED PARTY TRANSACTIONS

There are no related party transactions.

N. ACCOUNTING CHANGES

There are no accounting changes.

O. IN-KIND CONTRIBUTIONS

There are no in-kind contributions.

P. DEFEASED ISSUES

There are no defeased issues.

Q. COOPERATIVE ENDEAVORS

There are no cooperative endeavors.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

There are no government mandated nonexchange transactions.

STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2006

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

There are no violations of finance-related legal or contractual provisions.

T. SHORT-TERM DEBT

There is not short term debt.

U. DISAGGREGATION OF RECEIVABLE BALANCES

There is none.

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2006, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Various	\$ 317	\$	\$	\$	\$ 317
Total payables	\$ 317	\$ -	\$ -	\$ -	\$ 317

W. SUBSEQUENT EVENTS

There are no subsequent events.

X. SEGMENT INFORMATION

The Board has no requirement for separate segment accounting.

Y. DUE TO/DUE FROM AND TRANSFERS

There are none.

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

There are no liabilities payable from restricted assets.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

There are no prior year restatements.

**STATE OF LOUISIANA
BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

There are none.

CC. IMPAIRMENT OF CAPITAL ASSETS

There are none.

DD. EMPLOYEE TERMINATION BENEFITS

There are no employee termination benefits.

STATE OF LOUISIANA

BOARD OF WHOLESALE DRUG DISTRIBUTORS

SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS

For the Year Ended June 30, 2006

• • • STATE OF LOUISIANA
 BOARD OF WHOLESALE DRUG DISTRIBUTORS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2006

STATE OF LOUISIANA
 BOARD OF WHOLESALE DRUG DISTRIBUTORS
 COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2006</u>	<u>2005</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>251,114</u>	\$ <u>250,083</u>	\$ <u>1,031</u>	<u>.41</u>
Expenses	<u>277,039</u>	<u>257,972</u>	<u>19,067</u>	<u>7.39</u>
2) Capital assets	<u>8,220</u>	<u>7,968</u>	<u>252</u>	<u>3.16</u>
Long-term debt	<u>11,913</u>	<u>12,927</u>	<u>(1,014)</u>	<u>(7.84)</u>
Net Assets	<u>293,310</u>	<u>319,235</u>	<u>(25,925)</u>	<u>(8.12)</u>
Explanation for change:	<u>_____</u> <u>_____</u> <u>_____</u> <u>_____</u>			